



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB6021

by Rep. Sam Yingling

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-154	from Ch. 108 1/2, par. 7-154
40 ILCS 5/7-159	from Ch. 108 1/2, par. 7-159
40 ILCS 5/15-145	from Ch. 108 1/2, par. 15-145
40 ILCS 5/15-154	from Ch. 108 1/2, par. 15-154
40 ILCS 5/16-143.2	from Ch. 108 1/2, par. 16-143.2

Amends the Illinois Municipal Retirement Fund (IMRF), State Universities, and Downstate Teacher Articles of the Illinois Pension Code. Provides that certain annuitants who received a refund of contributions for survivor benefits may elect to repay the refund, with interest, and have their survivor benefit rights reinstated. Specifies the required time and manner of repayment. In the IMRF and State Universities Articles, requires that the annuitant (1) retired prior to June 1, 2011, and (2) is a party to a civil union, marriage, or other legal relationship that is recognized as a civil union or marriage under the Illinois Religious Freedom Protection and Civil Union Act or the Illinois Marriage and Dissolution of Marriage Act on or after certain specified dates. Also, in the IMRF Article, extends application of a provision added by Public Act 87-850 to spouses of annuitants who die on or after the effective date of this amendatory Act. Effective immediately.

LRB099 19304 EFG 43696 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing  
5 Sections 7-154, 7-159, 15-145, 15-154, and 16-143.2 as follows:

6 (40 ILCS 5/7-154) (from Ch. 108 1/2, par. 7-154)

7 Sec. 7-154. Surviving spouse annuities - Eligibility.

8 (a) A surviving spouse annuity shall be payable to the  
9 eligible surviving spouse of a participating employee, an  
10 employee annuitant, or a person who on the date of death would  
11 have been entitled to a retirement annuity, had he applied for  
12 such annuity, and who dies at any time when a surviving spouse  
13 annuity equals at least \$5 per month, provided:

14 (1) The surviving spouse (i) was married to the  
15 participating employee for at least one year on the date of  
16 death, or (ii) was married to the annuitant or person  
17 entitled to a retirement annuity for at least one year  
18 prior to the date of termination of service, or (iii) was  
19 married to the deceased annuitant for at least one year on  
20 the date of the deceased annuitant's death, if at the time  
21 of termination of service the deceased annuitant was  
22 married for at least one year to a spouse who does not  
23 survive the deceased annuitant. (Item (iii) applies to the

1 spouses of annuitants who die on or after the effective  
2 date of this amendatory Act of the 99th General Assembly,  
3 notwithstanding whether the annuitant was in service on or  
4 after that effective date or the effective date of Public  
5 Act 87-850.)

6 (2) The male deceased employee annuitant or such other  
7 person entitled to a retirement annuity had contributed to  
8 this fund for surviving spouse annuity purposes for at  
9 least 1 year or continuously since the effective date of  
10 the participating municipality or participating  
11 instrumentality.

12 (3) The female deceased employee annuitant or such  
13 other person entitled to a retirement annuity was in  
14 service on or after July 27, 1972, provided that the  
15 annuity shall not be computed on the basis of any  
16 retirement annuity effective before that date.

17 (4) If the employee dies before termination of service,  
18 the employee did not exclude the spouse from any death  
19 benefit or surviving spouse annuity pursuant to subsection  
20 (b) of Section 7-118. A designation of beneficiary naming a  
21 spouse and children jointly or a trust pursuant to  
22 subsection (b) of Section 7-118 shall preclude payment of a  
23 surviving spouse annuity.

24 (b) If a person is the spouse of a retiring participating  
25 employee on the date of the initial payment of a retirement  
26 annuity and is qualified to receive a surviving spouse annuity

1 upon the death of the employee and the surviving spouse  
2 contributions are not refunded to the employee, then a  
3 surviving spouse annuity shall be payable to that person even  
4 if the marriage to the employee is dissolved after that date.

5 (c) Eligibility of a surviving spouse shall be determined  
6 as of the date of death. Only one surviving spouse annuity  
7 shall be paid on account of the death of any employee.

8 (Source: P.A. 87-740; 87-850.)

9 (40 ILCS 5/7-159) (from Ch. 108 1/2, par. 7-159)

10 Sec. 7-159. Surviving spouse annuity - refund of survivor  
11 credits.

12 (a) Any employee annuitant who (1) upon the date a  
13 retirement annuity begins is not then married, or (2) is  
14 married to a person who would not qualify for surviving spouse  
15 annuity if the person died on such date, is entitled to a  
16 refund of the survivor credits including interest accumulated  
17 on the date the annuity begins, excluding survivor credits and  
18 interest thereon credited during periods of disability, and no  
19 spouse shall have a right to any surviving spouse annuity from  
20 this Fund. If the employee annuitant reenters service and upon  
21 subsequent retirement has a spouse who would qualify for a  
22 surviving spouse annuity, the employee annuitant may pay the  
23 fund the amount of the refund plus interest at the effective  
24 rate at the date of payment. The payment shall qualify the  
25 spouse for a surviving spouse annuity and the amount paid shall

1 be considered as survivor contributions.

2 (b) Instead of a refund under subsection (a), the retiring  
3 employee may elect to convert the amount of the refund into an  
4 annuity, payable separately from the retirement annuity. If the  
5 annuitant dies before the guaranteed amount has been  
6 distributed, the remainder shall be paid in a lump sum to the  
7 designated beneficiary of the annuitant. The Board shall adopt  
8 any rules necessary for the implementation of this subsection.

9 (c) An annuitant who retired prior to June 1, 2011 and  
10 received a refund of survivor credits under subsection (a), and  
11 who thereafter became, and remains, either (i) a party to a  
12 civil union or a party to a legal relationship that is  
13 recognized as a civil union or marriage under the Illinois  
14 Religious Freedom Protection and Civil Union Act on or after  
15 June 1, 2011 or (ii) a party to a marriage under the Illinois  
16 Marriage and Dissolution of Marriage Act on or after February  
17 26, 2014, may, within one year after the effective date of this  
18 amendatory Act of the 99th General Assembly, make an election  
19 to re-establish rights to a surviving spouse annuity under  
20 Sections 7-154 through 7-158 (notwithstanding the eligibility  
21 requirements of paragraph (a)(1) of Section 7-154), by paying  
22 to the Fund: (1) the total amount of the refund received for  
23 survivor credits; and (2) interest thereon at the effective  
24 rate from the date of the refund to the date of payment. Such  
25 election must be made prior to the date of death of the  
26 annuitant.

1       The Fund may allow the annuitant to repay this refund over  
2 a period of not more than 24 months. For federal and State tax  
3 purposes, if a member pays in monthly installments by reducing  
4 the monthly benefit by the amount of the otherwise applicable  
5 contribution, the monthly amount by which the annuitant's  
6 benefit is reduced shall not be treated as a contribution by  
7 the annuitant but rather as a reduction of the annuitant's  
8 monthly benefit.

9       If an annuitant makes an election under this subsection (c)  
10 and the contributions required are not paid in full, an  
11 otherwise qualifying spouse shall be given the option to make  
12 an additional lump sum payment of the remaining contributions  
13 and qualify for a surviving spouse annuity. Otherwise, an  
14 additional refund representing contributions made hereunder  
15 shall be paid at the annuitant's death and there shall be no  
16 surviving spouse annuity paid.

17       (Source: P.A. 90-766, eff. 8-14-98.)

18               (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

19               Sec. 15-145. Survivors insurance benefits; conditions and  
20 amounts.

21               (a) The survivors insurance benefits provided under this  
22 Section shall be payable to the eligible survivors of a Tier 1  
23 member covered under the traditional benefit package upon the  
24 death of (1) a participating employee with at least 1 1/2 years  
25 of service, (2) a participant who terminated employment with at

1 least 10 years of service, and (3) an annuitant in receipt of a  
2 retirement annuity or disability retirement annuity under this  
3 Article.

4 Service under the State Employees' Retirement System of  
5 Illinois, the Teachers' Retirement System of the State of  
6 Illinois and the Public School Teachers' Pension and Retirement  
7 Fund of Chicago shall be considered in determining eligibility  
8 for survivors benefits under this Section.

9 If by law, a function of a governmental unit, as defined by  
10 Section 20-107, is transferred in whole or in part to an  
11 employer, and an employee transfers employment from this  
12 governmental unit to such employer within 6 months after the  
13 transfer of this function, the service credits in the  
14 governmental unit's retirement system which have been  
15 validated under Section 20-109 shall be considered in  
16 determining eligibility for survivors benefits under this  
17 Section.

18 (b) A surviving spouse of a deceased participant, or of a  
19 deceased annuitant who did not take a refund or additional  
20 annuity consisting of accumulated survivors insurance  
21 contributions or who repaid the refund or additional annuity,  
22 shall receive a survivors annuity of 30% of the final rate of  
23 earnings. Payments shall begin on the day following the  
24 participant's or annuitant's death or the date the surviving  
25 spouse attains age 50, whichever is later, and continue until  
26 the death of the surviving spouse. The annuity shall be payable

1 to the surviving spouse prior to attainment of age 50 if the  
2 surviving spouse has in his or her care a deceased  
3 participant's or annuitant's dependent unmarried child under  
4 age 18 (under age 22 if a full-time student) who is eligible  
5 for a survivors annuity.

6 Remarriage of a surviving spouse prior to attainment of age  
7 55 that occurs before the effective date of this amendatory Act  
8 of the 91st General Assembly shall disqualify him or her for  
9 the receipt of a survivors annuity until July 6, 2000.

10 A surviving spouse whose survivors annuity has been  
11 terminated due to remarriage may apply for reinstatement of  
12 that annuity. The reinstated annuity shall begin to accrue on  
13 July 6, 2000, except that if, on July 6, 2000, the annuity is  
14 payable to an eligible surviving child or parent, payment of  
15 the annuity to the surviving spouse shall not be reinstated  
16 until the annuity is no longer payable to any eligible  
17 surviving child or parent. The reinstated annuity shall include  
18 any one-time or annual increases received prior to the date of  
19 termination, as well as any increases that would otherwise have  
20 accrued from the date of termination to the date of  
21 reinstatement. An eligible surviving spouse whose expectation  
22 of receiving a survivors annuity was lost due to remarriage  
23 before attainment of age 50 shall also be entitled to  
24 reinstatement under this subsection, but the resulting  
25 survivors annuity shall not begin to accrue sooner than upon  
26 the surviving spouse's attainment of age 50.

1           The changes made to this subsection by this amendatory Act  
2 of the 92nd General Assembly (pertaining to remarriage prior to  
3 age 55 or 50) apply without regard to whether the deceased  
4 participant or annuitant was in service on or after the  
5 effective date of this amendatory Act.

6           (c) Each dependent unmarried child under age 18 (under age  
7 22 if a full-time student) of a deceased participant, or of a  
8 deceased annuitant who did not take a refund or additional  
9 annuity consisting of accumulated survivors insurance  
10 contributions or who repaid the refund or additional annuity,  
11 shall receive a survivors annuity equal to the sum of (1) 20%  
12 of the final rate of earnings, and (2) 10% of the final rate of  
13 earnings divided by the number of children entitled to this  
14 benefit. Payments shall begin on the day following the  
15 participant's or annuitant's death and continue until the child  
16 marries, dies, or attains age 18 (age 22 if a full-time  
17 student). If the child is in the care of a surviving spouse who  
18 is eligible for survivors insurance benefits, the child's  
19 benefit shall be paid to the surviving spouse.

20           Each unmarried child over age 18 of a deceased participant  
21 or of a deceased annuitant who had a survivor's insurance  
22 beneficiary at the time of his or her retirement, and who was  
23 dependent upon the participant or annuitant by reason of a  
24 physical or mental disability which began prior to the date the  
25 child attained age 18 (age 22 if a full-time student), shall  
26 receive a survivor's annuity equal to the sum of (1) 20% of the

1 final rate of earnings, and (2) 10% of the final rate of  
2 earnings divided by the number of children entitled to  
3 survivors benefits. Payments shall begin on the day following  
4 the participant's or annuitant's death and continue until the  
5 child marries, dies, or is no longer disabled. If the child is  
6 in the care of a surviving spouse who is eligible for survivors  
7 insurance benefits, the child's benefit may be paid to the  
8 surviving spouse. For the purposes of this Section, disability  
9 means inability to engage in any substantial gainful activity  
10 by reason of any medically determinable physical or mental  
11 impairment that can be expected to result in death or that has  
12 lasted or can be expected to last for a continuous period of at  
13 least one year.

14 (d) Each dependent parent of a deceased participant, or of  
15 a deceased annuitant who did not take a refund or additional  
16 annuity consisting of accumulated survivors insurance  
17 contributions or who repaid the refund or additional annuity,  
18 shall receive a survivors annuity equal to the sum of (1) 20%  
19 of final rate of earnings, and (2) 10% of final rate of  
20 earnings divided by the number of parents who qualify for the  
21 benefit. Payments shall begin when the parent reaches age 55 or  
22 the day following the participant's or annuitant's death,  
23 whichever is later, and continue until the parent dies.  
24 Remarriage of a parent prior to attainment of age 55 shall  
25 disqualify the parent for the receipt of a survivors annuity.

26 (e) In addition to the survivors annuity provided above,

1 each survivors insurance beneficiary shall, upon death of the  
2 participant or annuitant, receive a lump sum payment of \$1,000  
3 divided by the number of such beneficiaries.

4 (f) The changes made in this Section by Public Act 81-712  
5 pertaining to survivors annuities in cases of remarriage prior  
6 to age 55 shall apply to each survivors insurance beneficiary  
7 who remarries after June 30, 1979, regardless of the date that  
8 the participant or annuitant terminated his employment or died.

9 The change made to this Section by this amendatory Act of  
10 the 91st General Assembly, pertaining to remarriage prior to  
11 age 55, applies without regard to whether the deceased  
12 participant or annuitant was in service on or after the  
13 effective date of this amendatory Act of the 91st General  
14 Assembly.

15 (g) On January 1, 1981, any person who was receiving a  
16 survivors annuity on or before January 1, 1971 shall have the  
17 survivors annuity then being paid increased by 1% for each full  
18 year which has elapsed from the date the annuity began. On  
19 January 1, 1982, any survivor whose annuity began after January  
20 1, 1971, but before January 1, 1981, shall have the survivor's  
21 annuity then being paid increased by 1% for each year which has  
22 elapsed from the date the survivor's annuity began. On January  
23 1, 1987, any survivor who began receiving a survivor's annuity  
24 on or before January 1, 1977, shall have the monthly survivor's  
25 annuity increased by \$1 for each full year which has elapsed  
26 since the date the survivor's annuity began.

1           (h) If the sum of the lump sum and total monthly survivor  
2 benefits payable under this Section upon the death of a  
3 participant amounts to less than the sum of the death benefits  
4 payable under items (2) and (3) of Section 15-141, the  
5 difference shall be paid in a lump sum to the beneficiary of  
6 the participant who is living on the date that this additional  
7 amount becomes payable.

8           (i) If the sum of the lump sum and total monthly survivor  
9 benefits payable under this Section upon the death of an  
10 annuitant receiving a retirement annuity or disability  
11 retirement annuity amounts to less than the death benefit  
12 payable under Section 15-142, the difference shall be paid to  
13 the beneficiary of the annuitant who is living on the date that  
14 this additional amount becomes payable.

15           (j) Effective on the later of (1) January 1, 1990, or (2)  
16 the January 1 on or next after the date on which the survivor  
17 annuity begins, if the deceased member died while receiving a  
18 retirement annuity, or in all other cases the January 1 nearest  
19 the first anniversary of the date the survivor annuity payments  
20 begin, every survivors insurance beneficiary shall receive an  
21 increase in his or her monthly survivors annuity of 3%. On each  
22 January 1 after the initial increase, the monthly survivors  
23 annuity shall be increased by 3% of the total survivors annuity  
24 provided under this Article, including previous increases  
25 provided by this subsection. Such increases shall apply to the  
26 survivors insurance beneficiaries of each participant and

1 annuitant, whether or not the employment status of the  
2 participant or annuitant terminates before the effective date  
3 of this amendatory Act of 1990. This subsection (j) also  
4 applies to persons receiving a survivor annuity under the  
5 portable benefit package.

6 (k) If the Internal Revenue Code of 1986, as amended,  
7 requires that the survivors benefits be payable at an age  
8 earlier than that specified in this Section the benefits shall  
9 begin at the earlier age, in which event, the survivor's  
10 beneficiary shall be entitled only to that amount which is  
11 equal to the actuarial equivalent of the benefits provided by  
12 this Section.

13 (l) The changes made to this Section and Section 15-131 by  
14 this amendatory Act of 1997, relating to benefits for certain  
15 unmarried children who are full-time students under age 22,  
16 apply without regard to whether the deceased member was in  
17 service on or after the effective date of this amendatory Act  
18 of 1997. These changes do not authorize the repayment of a  
19 refund or a re-election of benefits, and any benefit or  
20 increase in benefits resulting from these changes is not  
21 payable retroactively for any period before the effective date  
22 of this amendatory Act of 1997.

23 (Source: P.A. 98-92, eff. 7-16-13.)

24 (40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)

25 Sec. 15-154. Refunds.

1           (a) A participant whose status as an employee is  
2 terminated, regardless of cause, or who has been on lay off  
3 status for more than 120 days, and who is not on leave of  
4 absence, is entitled to a refund of contributions upon  
5 application; except that not more than one such refund  
6 application may be made during any academic year.

7           Except as set forth in subsections (a-1) and (a-2), the  
8 refund shall be the sum of the accumulated normal, additional,  
9 and survivors insurance contributions, plus the entire  
10 contribution made by the participant under Section 15-113.3,  
11 less the amount of interest credited on these contributions  
12 each year in excess of 4 1/2% of the amount on which interest  
13 was calculated.

14          (a-1) A person who elects, in accordance with the  
15 requirements of Section 15-134.5, to participate in the  
16 portable benefit package and who becomes a participating  
17 employee under that retirement program upon the conclusion of  
18 the one-year waiting period applicable to the portable benefit  
19 package election shall have his or her refund calculated in  
20 accordance with the provisions of subsection (a-2).

21          (a-2) The refund payable to a participant described in  
22 subsection (a-1) shall be the sum of the participant's  
23 accumulated normal and additional contributions, as defined in  
24 Sections 15-116 and 15-117, plus the entire contribution made  
25 by the participant under Section 15-113.3. If the participant  
26 terminates with 5 or more years of service for employment as

1 defined in Section 15-113.1, he or she shall also be entitled  
2 to a distribution of employer contributions in an amount equal  
3 to the sum of the accumulated normal and additional  
4 contributions, as defined in Sections 15-116 and 15-117.

5 (b) Upon acceptance of a refund, the participant forfeits  
6 all accrued rights and credits in the System, and if  
7 subsequently reemployed, the participant shall be considered a  
8 new employee subject to all the qualifying conditions for  
9 participation and eligibility for benefits applicable to new  
10 employees. If such person again becomes a participating  
11 employee and continues as such for 2 years, or is employed by  
12 an employer and participates for at least 2 years in the  
13 Federal Civil Service Retirement System, all such rights,  
14 credits, and previous status as a participant shall be restored  
15 upon repayment of the amount of the refund, together with  
16 compound interest thereon from the date the refund was issued  
17 to the date of repayment at the rate of 6% per annum through  
18 August 31, 1982, and at the effective rates after that date.  
19 When a participant in the portable benefit package who received  
20 a refund which included a distribution of employer  
21 contributions repays a refund pursuant to this Section,  
22 one-half of the amount repaid shall be deemed the member's  
23 reinstated accumulated normal and additional contributions and  
24 the other half shall be allocated as an employer contribution  
25 to the System, except that any amount repaid for previously  
26 purchased military service credit under Section 15-113.3 shall

1 be accounted for as such.

2 (c) Except as otherwise provided under subsection (c-5), if  
3 ~~If~~ a participant covered under the traditional benefit package  
4 has made survivors insurance contributions, but has no  
5 survivors insurance beneficiary upon retirement, he or she  
6 shall be entitled to elect a refund of the accumulated  
7 survivors insurance contributions, or to elect an additional  
8 annuity the value of which is equal to the accumulated  
9 survivors insurance contributions. This election must be made  
10 prior to the date the person's retirement annuity is approved  
11 by the System.

12 (c-5) Notwithstanding subsection (c), an annuitant who  
13 retired prior to June 1, 2011 and made the election under  
14 subsection (c), and who is either:

15 (1) a party to a civil union or a party to a legal  
16 relationship that is recognized as a civil union or  
17 marriage under the Illinois Religious Freedom Protection  
18 and Civil Union Act on or after June 1, 2011; or

19 (2) a party to a marriage under the Illinois Marriage  
20 and Dissolution of Marriage Act on or after February 26,  
21 2014; or

22 (3) a party to a marriage, civil union or other legal  
23 relationship that, at the time it was formed, was not  
24 legally recognized in Illinois but was subsequently  
25 recognized as a civil union or marriage under the Illinois  
26 Religious Freedom Protection and Civil Union Act on or

1       after June 1, 2011, a marriage under the Illinois Marriage  
2       and Dissolution of Marriage Act on or after February 26,  
3       2014, or both;  
4       may make an election to repay the refund or additional annuity  
5       payments received, together with compound interest thereon at  
6       the actuarially assumed rate of return from the date the refund  
7       was issued or the date each additional annuity payment was  
8       issued to the date of repayment. Proof of the party status  
9       requirement in item (1), (2), or (3) shall be furnished to the  
10       System in the form of a valid marriage certificate or a civil  
11       union certificate with any additional requirements the Board  
12       prescribes by rulemaking. The election to repay must be  
13       received by the System within one year after the effective date  
14       of this amendatory Act of the 99th General Assembly. The  
15       repayment shall be made as a lump sum payment prior to the date  
16       of the annuitant's death.

17       Upon such repayment, all forfeited survivors insurance  
18       benefit rights and credits under Section 15-145 shall be  
19       restored. This repayment right shall not alter or modify any  
20       eligibility requirement for survivors insurance beneficiaries  
21       under this Article applicable upon the annuitant's death. The  
22       repayment shall be irrevocable upon the date of repayment. No  
23       person shall have a claim or right to the repaid amounts in a  
24       manner not otherwise provided for under this Article in the  
25       event that: the marriage or civil union existing at the time of  
26       the repayment is dissolved, annulled, or declared invalid by a

1 court of competent jurisdiction; or the other party to the  
2 marriage or civil union predeceases the annuitant or otherwise  
3 fails to qualify as a survivors insurance beneficiary upon the  
4 annuitant's death.

5 (d) A participant, upon application, is entitled to a  
6 refund of his or her accumulated additional contributions  
7 attributable to the additional contributions described in the  
8 last sentence of subsection (c) of Section 15-157. Upon the  
9 acceptance of such a refund of accumulated additional  
10 contributions, the participant forfeits all rights and credits  
11 which may have accrued because of such contributions.

12 (e) A participant who terminates his or her employee status  
13 and elects to waive service credit under Section 15-154.2, is  
14 entitled to a refund of the accumulated normal, additional and  
15 survivors insurance contributions, if any, which were credited  
16 the participant for this service, or to an additional annuity  
17 the value of which is equal to the accumulated normal,  
18 additional and survivors insurance contributions, if any;  
19 except that not more than one such refund application may be  
20 made during any academic year. Upon acceptance of this refund,  
21 the participant forfeits all rights and credits accrued because  
22 of this service.

23 (f) If a police officer or firefighter receives a  
24 retirement annuity under Rule 1 or 3 of Section 15-136, he or  
25 she shall be entitled at retirement to a refund of the  
26 difference between his or her accumulated normal contributions

1 and the normal contributions which would have accumulated had  
2 such person filed a waiver of the retirement formula provided  
3 by Rule 4 of Section 15-136.

4 (g) If, at the time of retirement, a participant would be  
5 entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of  
6 Section 15-136, or under Section 15-136.4, that exceeds the  
7 maximum specified in clause (1) of subsection (c) of Section  
8 15-136, he or she shall be entitled to a refund of the employee  
9 contributions, if any, paid under Section 15-157 after the date  
10 upon which continuance of such contributions would have  
11 otherwise caused the retirement annuity to exceed this maximum,  
12 plus compound interest at the effective rates.

13 (Source: P.A. 99-450, eff. 8-24-15.)

14 (40 ILCS 5/16-143.2) (from Ch. 108 1/2, par. 16-143.2)

15 Sec. 16-143.2. Refund of contributions for survivor  
16 benefits at retirement.

17 (a) If at the time of applying for a retirement annuity  
18 under Section 16-132, or while in receipt of such a retirement  
19 annuity, a member does not have a dependent beneficiary as  
20 defined in paragraph (3) of Section 16-140, such member may be  
21 granted, upon written request, a refund of actual contributions  
22 for survivor benefits, without interest. Members will be  
23 eligible for a refund of contributions for survivor benefits as  
24 provided in the previous sentence notwithstanding the fact that  
25 they began receiving retirement benefits prior to this

1 amendatory Act of 1985. Acceptance of the refund will forfeit  
2 all rights to survivor benefits under Sections 16-140 through  
3 16-143.

4 (b) Except as provided under subsection (c), an An  
5 annuitant who reestablishes membership following acceptance of  
6 refund of contributions for survivor benefits under subsection  
7 (a) of this Section may reinstate eligibility for benefits  
8 provided under Sections 16-140 through 16-143 only through: (1)  
9 repayment of such refund together with regular interest thereon  
10 from the date of the refund to the date of repayment, and (2)  
11 completion of one year of creditable service following  
12 acceptance of such refund. If membership is reestablished and  
13 the above conditions (1) and (2) are not met, an additional  
14 refund, representing contributions made following the previous  
15 refund will be provided upon the member's death or retirement,  
16 whichever is applicable.

17 (c) Notwithstanding subsection (b), an annuitant who has  
18 received a refund under subsection (a) may, within one year  
19 after the effective date of this amendatory Act of the 99th  
20 General Assembly, make an election to reestablish rights to  
21 survivor benefits under Sections 16-140 through 16-143 by  
22 paying to the System:

23 (1) the total amount of the refund received for actual  
24 contributions; and

25 (2) interest on the amount of the refund at a rate  
26 deemed by the System to be equal to the actual rate of

1       return experienced by the System during the period starting  
2       at the receipt of the refund and ending when the annuitant  
3       has made an election under this subsection (c).

4       The System may allow an individual to repay this refund  
5       through: a tax-deferred lump sum payment in full; substantially  
6       equal monthly installments over a 24-month period by reducing  
7       the annuitant's monthly benefit over a 24-month period by the  
8       amount of the otherwise applicable contribution; or a  
9       combination thereof. For federal and State tax purposes, the  
10       monthly amount by which the annuitant's benefit is reduced  
11       shall not be treated as a contribution by the annuitant, but  
12       rather as a reduction of the annuitant's monthly benefit.

13       If a member makes an election under this subsection (c) and  
14       the contributions required in items (1) and (2) of this  
15       subsection (c) are not paid in full, an additional refund  
16       representing contributions made following the previous refund  
17       shall be provided when the member dies.

18       (Source: P.A. 87-794.)

19       Section 99. Effective date. This Act takes effect upon  
20       becoming law.